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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER

RUHL, DENNIS WILLIAM

ART UNIT	PAPER NUMBER
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3629

DATE MAILED: 03/03/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/826,751

Applicant(s)

BANERJEE ET AL.

Examiner

Dennis Ruhl

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 December 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-5, 7-15, 17-25 and 27-38 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-5, 7-15, 17-25 and 27-38 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

1. Applicant's amendment of 12/17/04 has been entered. Applicant's remarks will be addressed at the end of this office action.

2. The amendment filed 12/17/04 is objected to under 35 U.S.C. 132 because it introduces new matter into the disclosure. 35 U.S.C. 132 states that no amendment shall introduce new matter into the disclosure of the invention. The added material which is not supported by the original disclosure is as follows:

For claims 34, 36, they are reciting new matter and that was originally disclosed in the specification as originally filed. The only mention of an auction is in the specification on page 13, where it is disclosed

"In some contexts it may be appropriate to have an auction-type-system that awards use of the equipment to the highest bidder."

This statement does not provide support for the claimed language that the monitoring means that monitors current demand in the system is an auction type of system. It was never disclosed that the price setting system itself had the auction system as a part of the overall system. It is possible that there was another system for the auction system. It was not disclosed and the statement on page does not provide support for the auction system being the monitoring means. The auction system could very well be people taking a verbal bid, when more than one person are in line for a given device. The key fact is that nothing about the auction system itself was disclosed so it cannot be recited now that the auction system is part of the price setting system

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that monitors use of the equipment. The examiner considers all of claims 34 and 36 to be new matter.

Applicant is required to cancel the new matter in the reply to this Office Action.

3. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

4. Claims 34,36 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

For claims 34, 36, they are reciting new matter and that was originally disclosed in the specification as originally filed. The only mention of an auction is in the specification on page 13, where it is disclosed

"In some contexts it may be appropriate to have an auction-type-system that awards use of the equipment to the highest bidder."

This statement does not provide support for the claimed language that the monitoring means that monitors current demand in the system is an auction type of system. It was never disclosed that the price setting system itself had the auction system as a part of the overall system. It is possible that there was another system for the auction system. It was not disclosed and the statement on page does not provide

support for the auction system being the monitoring means. The auction system could very well be people taking a verbal bid, when more than one person are in line for a given device. The key fact is that nothing about the system itself was disclosed so it cannot be recited now that the auction system is part of the price setting system that monitors use of the equipment. The examiner considers all of claims 34 and 36 to be new matter.

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 34,36 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

For claims 34,36, it is not clear what the term "an auction-type system" means. What is an auction type system? Not all auctions are the same or are conducted in the same manner so it is not clear what this term means. One wishing to avoid infringement would not know what the scope of this claim is.

7. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

8. Claims 1-5,7-15,17-25,27-38, are rejected under 35 U.S.C. 102b as being anticipated by Hillis (5303297).

For claims 1,3,4,7,8,10,11,13,14,17,18,20,21,23,24,27,28,30,33,35,37, Hillis discloses a system and method for determining the current demand for a phone system and varying the rate (fee for use) charged to the customer for making a call at that time. The current demand for the making of a call is determined by the system and the rate is determined based on the current demand. See column 7, line 62 to column 8, line 16. Higher demand fetches a higher rate (like the law of supply and demand, demand goes up, the price goes up). The examiner considers it inherent that there is a database(s) for storing subscriber information/billing information. This is because the system must be able to apply the proper charges to the correct customer and this would necessarily take place by the storing of data to some kind of customer file and also follows from the fact the entire system is automated or computerized. Hillis discloses that a processor (computer system 30) is able to identify a user and the device being used (the phone number and/or subscriber attempting the call). The system determines the amount of time a person has been on a call so a final bill for the call can be formulated. The bill is based on the time of the call and what the rate was for the call, as well as who you are. Knowing who is making the call allows location information to be taken into account during billing. Column 6, lines 11-22 disclose the varying of the rate schedule for the use of the device. Also see column 6, lines 49-62 where the varying rate is discussed.

For claims 2,12,22, the processor of Hillis is capable of performing the claimed method over and over for many customers of different phone numbers. Others making a call and receiving rate information satisfies what is claimed.

For claims 5,15,25, it is considered inherent that the rates must be stored in a database as claimed. Since the rates change over time, you necessarily need to know what the rates were at various times so the correct final bill can be calculated.

For claims 9,19,29, commensurate with the specification and the scope of the term "exercise device", the phone of Hillis can be considered an exercise device. The scope of this term includes devices used to log running time and distance like a PDA or a smart phone, so the examiner feels that the phone of Hillis can be fairly called an exercise device based on applicant's specification. Applicant has stated the exercise device can be a device not normally thought of as an exercise device.

For claims 31,32, the recitation to the kind of data on the database is non-functional descriptive material that does not serve as a limitation. *In re Gulack*, 217 USPQ 401 (CAFC 1983). The system of Hillis has a database(s) as claimed. Because the processor of Hillis can access records (data) about customers, this satisfies the limitation of accessing the dietary and fitness records (more data). The fact the records are storing fitness or dietary data is taken as non-functional descriptive material and receives no patentable weight. The limitation of being able to provide health advice is interpreted as being able to send information, which the processor of Hillis does. The fact that the information is "health advise" is considered to be non-functional descriptive

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material. Hillis can access records as claimed and convey information to the user as claimed.

For claim 34,36,38, the examiner considers the "auction-type system" to be present in Hillis. This is because users are effectively bidding for the use of the system. Those who will pay or are willing to pay the highest rates are able to make a call. Hillis discloses an auction type of system.

9. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

10. This application currently names joint inventors. In considering patentability of the claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

11. Claims 1-5,7-15,17-25,27-32, are rejected under 35 U.S.C. 103(a) as being unpatentable over Abelbeck et al. (6656091).

For claims 1-5,7-9,11-15,17-20,21-25,27-29, Abelbeck discloses a method of charging a user for the use of exercise equipment. The system is connected to a plurality of exercise devices. Each device has a display means 14 (claim 20). It is disclosed that information about users is stored. See column 7, lines 5-15 and column 6, lines 41-50. A processor system 68 is disclosed. The device that the user is using is identified by the processor and the identification of the user is made. See column 6, lines 26-50. The system monitors the usage of the machine/device being used. See column 9, lines 29-44 where the billing and usage of the machine is discussed. Abelbeck does not disclose the steps of varying a rate schedule of the device during use, and the step of calculating the fee based on the identity of the device, the usage amount for the device, and the variable rate schedule.

With respect to the limitation of “varying a rate schedule” of the device during use, this is interpreted by the examiner to read on the act of a business having different prices for a given product for different times. Movie theatres offer matinee prices for movies, where the same movie will cost more in the evening than it would in the afternoon. The rate changes based on when the movie is viewed. Cell phone providers have for a long time offered one rate for daytime calls (a higher rate) and a lower rate for nightly or weekend rates. The Washington DC area subway system has had varying rates to ride the subway for a long time. A higher rate is in affect during “rush hour” times when demand is the highest and lower rates are in affect in the hours other than rush hour times where it is less crowded. It would have been obvious to one of ordinary skill in the art at the time the invention was made to vary the rate that is charged to the

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user of an exercise device by having a higher rate for the machine during the most busy times of people working out, and to have lower rates at times when the business is not that busy (not many people working out). This is a well-known and old manner of trying to maximize profits. You get more money for the use of the machine during the busy times, and the lower rates also entice others to use the system during the slower times because the rates are cheaper. The actual step of varying the rate during use is considered to be met when a person is working out during the time frame that the higher rate is in affect, and having the workout extend into the time when the lower rates come into affect. It necessarily follows that when the rate changes, the fee that is calculated is based on the rate and usage amount as claimed.

With respect to the limitation of the fee being based on the identity of the device being used, the examiner interprets this to be the charging of a different rate for different devices. One device may cost much more to purchase than another type of exercise device and when pricing services the owner must take this into account to regain the amount of capital expense put forth to purchase the device(s). It would have been obvious to one of ordinary skill in the art at the time the invention was made to have the rate for exercise devices not be only one rate, but to have the rate vary depending on the device being used. Basic economics would lead one of ordinary skill in the art to understand or recognize that the most popular exercise machines have more demand than other less popular exercise devices. This is a classic example of a high demand allowing a person to get more for a given product. One of ordinary skill in the art would be motivated to charge a higher rate for the use of a machine that is in high demand (or

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that cost much more to acquire) to maximize profits. It then necessarily follows that the fee is dependent on the identity of the device in the sense that the fee depends on the device being used because different devices will have different usage rates.

For claims 10,30, not disclosed is that the user fee is displayed on the device during use. It is disclosed that the exercise devices have displays/monitors 14 that are used to display relevant information the user of the device. The system is disclosed as calculating a fee but did not expressly disclose that it is displayed during use, although at some point it will be displayed to the user in some form (paper bill, dues statement, etc.) The examiner also recognizes that column 9, lines 29-44 disclose that the paying of the fee can be by a coin slot or bill reader. In those examples the user would have to know how much to pay so a good argument could probably be made that this feature is inherent; however, the examiner concludes that it would have been obvious to one of ordinary skill in the art at the time the invention was made to display the rate to the user "during use" (very broad) so that the user would know what rate they are being charged so they can pay. This also is considered obvious just for the reason that it is very common and well known to inform a person of how much they are being charged for a given service. The step of displaying the calculated fee "during use" is considered obvious.

For claims 31,32, Abelbeck does all that is functionally claimed. The recitations to a fitness database and a dietary database are interpreted just as a database(s). The kind of data being stored is considered to be non-functional descriptive material and does not serve as a limitation. *In re Gulack*, 217 USPQ 401 (CAFC 1983).

The processor of Abelbeck is disclosed as accessing user (member) records concerning their workouts. The recitation of accessing "dietary records" or "fitness records" is interpreted to be a recitation of the ability to access data. The kind of data the processor is configured to access is non-functional descriptive material as already stated. Abelbeck provides advise as claimed because it is disclosed that the system provides information. Advise is just information and the type of information being given such as exercise settings and training considerations are found in the reference. See column 7, lines 5-15.

12. Claims 33-38 are rejected under 35 U.S.C. 103(a) as being unpatentable over Abelbeck in view of Shea (6050924).

For claim 33,35,37, Abelbeck does not disclose means for monitoring the demand for a device and varying the rate schedule according to the demand. Shea discloses an exercise system very similar to that of Abelbeck. Shea discloses in column 26, line 24 to column 27, line 55 that a computer monitors the use of the exercise devices and also allows for reservations to be made to use a device. The list of people waiting to use a device is an indication of demand. With respect to the rate schedule being varied according to the current demand, this is something that basic economics recognizes. The more demand for a given product or service, the more you can charge that that product or service. It would have been obvious to one of ordinary skill in the art at the time the invention was made to charge the fee based on demand so that maximum profits can be obtained. Charging more when demand is high is old and very

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well known in the art. An example is when called "price gauging" where high demand products have their prices raised to very high levels during times of very high demand (such as generators after storms knock out electricity that will take days to restore, or wood sheeting when a hurricane is approaching a coastline).

For claims 34,36,38, not disclosed is the act of having an auction to award use of the device to the highest bidder. It is disclosed by Shea that users can place a reservation to use the exercise equipment and can be put on a list. This is a disclosure of more than one person wishing to use the same machine at the same time. Auctions have been around for a very long time and are a very well known way to get the maximum price for a given product or service. It would have been obvious to one of ordinary skill in the art at the time the invention was made to have an auction to award the use of a machine to the highest bidder. This maximizes profits.

13. Applicant's arguments with respect to claims 1-5,7-15,17-25,27-38, have been considered but are moot in view of the new ground(s) of rejection.

14. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within

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TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

15. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dennis Ruhl whose telephone number is 571-272-6808. The examiner can normally be reached on Monday through Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on 571-272-6812. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



DENNIS RUHL
PRIMARY EXAMINER